



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Adoption of Ordinance No. 1522 entitled, "An Ordinance of the Lodi City Council Amending the City's Exclusive Franchise for Waste Disposal Services"

MEETING DATE: September 18, 1991

PREPARED BY: City Clerk

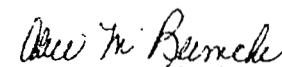
RECOMMENDED ACTION: Following reading by title, it would be appropriate for the City Council to adopt Ordinance No. 1522.

BACKGROUND INFORMATION: Ordinance No. 1522 entitled, "An Ordinance of the Lodi City Council Amending the City's Exclusive Franchise for Waste Disposal Services" was introduced at the regular meeting of the Lodi City Council held September 4, 1991.

Pursuant to State statute, ordinances may be adopted five **days** after their introduction following reading **by** title.

This Ordinance has been approved as to form **by** the City Attorney.

FUNDING: None required.


Alice M. Reimche
City Clerk

AMR/jnip

APPROVED: _____

THOMAS A. PETERSON
City Manager



ORDINANCE NO. 1522

AN ORDINANCE OF THE LODI CITY COUNCIL
AMENDING THE CITY'S EXCLUSIVE FRANCHISE
FOR WASTE DISPOSAL SERVICES
=====

WHEREAS, on September 28, 1988 under Ordinance 1433, the Lodi City Council granted to Lodi City Sanitary Disposal Company, Inc. the exclusive right to collect all residential and commercial waste within the City limits; and

WHEREAS, it now appears necessary and desirable to modify that agreement by changing the date for rate review and adjustment;

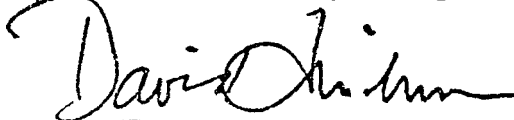
NOW, THEREFORE, the Lodi City Council ordains as follows:

SECTION 1. The agreement entered into between the City and Lodi Sanitary City Disposal Company, Inc. on September 7, 1988 is hereby amended as described in the Addendum To The Agreement attached hereto.

SECTION 2. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

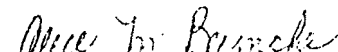
SECTION 3. This ordinance shall be published one time in the Lodi News Sentinel, a daily newspaper of general circulation printed and published in the City of Lodi and shall be enforce and shall take effect thirty days from and after its passage and approval.

Approved this 18th day of September 1991



David M. Hinchman
Mayor

Attest:


Alice M. Reimche
City Clerk

=====

State of California
County of San Joaquin, ss.

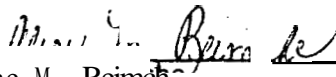
I, Alice M. Reimche, City Clerk of the City of Lodi, do hereby certify that Ordinance No. 1522 was introduced at a regular meeting of the City Council of the City of Lodi held September 4, 1991 and was thereafter passed, adopted and ordered to print at a regular meeting of said Council held on September 18, 1991.

Ayes : Council Members - Pennino, Pinkerton,
Sieglock, Snider and
Hinchman (Mayor)

Noes : Council Members - None

Absent: Council Members - None

I further certify that Ordinance No. 1522 was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.



Alice M. Reimche
City Clerk

Approved as to Form:



Bob McNatt
City Attorney

MODIFICATION TO AGREEMENT
=====

THIS MODIFICATION TO THE AGREEMENT DATED SEPTEMBER 7, 1988 (The Agreement) is entered into this day of 1991 by and between the parties to the original agreement. All terms of the original agreement, save and except those additions, deletions, and modifications specified herein shall continue.

RECITALS
=====

Paragraph 25 of the original Agreement (Collection Rates) shall be modified to read as follows:

The City shall have the right to determine the rates contractor ~~may~~ charge to customers for refuse collection and transportation services. The rates established shall be reviewed annually during the month of September and, if appropriate, adjusted effective October 1. In its determination of any appropriate rate adjustments, the City Council ~~may~~ consider, by not be limited to, the change in the Consumer Price Index and/or other indices deemed appropriate for the past twelve months, and/or any extraordinary increases or decreases in the cost of equipment, insurance, fuel, Federal, State and/or local government taxes, fees, assessments, or other special costs .

IN WITNESS WHEREOF the parties hereto have set their hands the date and year first mentioned above.

CITY OF LODI

LODI SANITARY CITY DISPOSAL COMPANY

Thomas A. Peterson
City Manager

Dave Vaccarezza
President

Approved As To Form:

Attest :

Bob McNatt, City Attorney

Alice M. Reimche

Alice M. Reimche, City Clerk

ORDI522/TXTA.02J

CITY COUNCIL

DAVID M HINCHMAN, Mayor
JAMES W. PINKERTON, Jr
Mayor Pro Tempore
PHILLIP A PENNINO
JACK A. SIECLOCK
JOHN R. (Randy) SNIDER

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 334-5634
FAX (209) 333-6795

THOMAS A PETERSON
City Manager
ALICE M REIMCHE
City Clerk
BOB McNATT
City Attorney

September 20, 1991

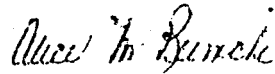
Mr. Dave Vaccarezza
President
Sanitary City Disposal Co.
P.O. Box 319
Lodi, CA 95241

Dear Dave:

Attached please find certified copy of Ordinance No. 1522 entitled, "An Ordinance of the Lodi City Council Amending the City's Exclusive Franchise for Waste Disposal Services" which was adopted by the Lodi City Council at its meeting of September 18, 1991.

Should you have any questions regarding this matter, please do not hesitate to call.

Very truly yours,



Alice M. Reimche
City Clerk

AMR/jmp

Attached

ORDINANCE NO. 1522

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AMENDING THE CITY'S EXCLUSIVE FRANCHISE
FOR WASTE DISPOSAL SERVICES

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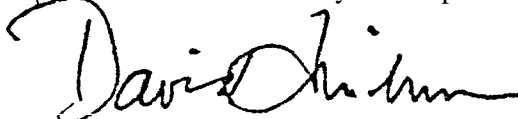
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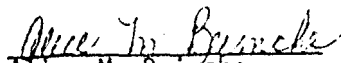
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Approved this 18th day of September 1991



David M. Hinchman
Mayor

Attest :



Alice M. Reimche
City Clerk

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State of California
County of San Joaquin, ss.

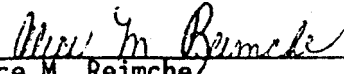
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certify that Ordinance No. 1522 was introduced at a regular
meeting of the City Council of the City of Lodi held September 4,
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regular meeting of said Council held on September 18, 1991.

Ayes : Council Members - Pennino, Pinkerton,
Sieglock, Snider and
Hinchman (Mayor)

Noes : Council Members - None

Absent: Council Members - None

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by the Mayor on the date of its passage and the same has been
published pursuant to law.



Alice M. Reimche
City Clerk

Approved as to Form:



Bob McNatt
City Attorney

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IN WITNESS WHEREOF the parties hereto have set their hands the date and year first mentioned above.

CITY OF LODI

LODI SANITARY CITY DISPOSAL COMPANY

Thomas A. Peterson
City Manager

Dave Vaccarezza
President

Approved As To Form:

Attest:

Bob McNatt, City Attorney

Alice M. Reimche

Alice M. Reimche, City Clerk

ORD1522/TXTA.02J



DEC 16 '91
City Manager's Office

CC-22(b)

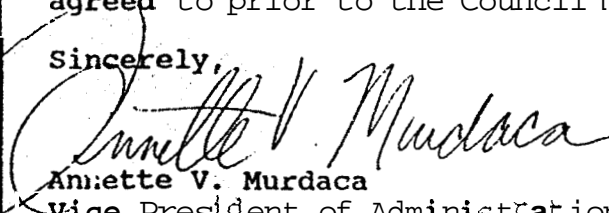
December 13, 1991

Mr. Kirk Evans
Administrative Assistant to the City Manager
City of Lodi
City Hall
P. O. Box 3006
Lodi, CA 95241

Dear Kirk:

Enclosed please find the Lodi Sanitary City Disposal Rate Methodology as approved on December 4, 1991 by the City Council of Lodi. The methodology includes the two changes to the methodology agreed to prior to the Council meeting.

Sincerely,


Annette V. Murdaca
Vice President of Administration

AVM:vla

Enclosures

cc: David Vaccarezza

A:Evans1.Ltr

sanitary city disposal inc.

1333 E. Turner Road Post Office Box 241001 Lodi, California 95241-9501 (209) 369-8274



December 4, 1991

Lodi Sanitary City Disposal
Rate Methodology
Detailed Procedure

INTRODUCTION

The purpose of this document is to set forth a methodology for periodically adjusting the rates charged by Lodi Sanitary City Disposal (**LSCD**) for refuse collection services provided within the **city** of Lodi. The franchise agreement of September 7, 1988, between LSCD and the City of Lodi (herein referred to as the "Agreement") governing the collection and transportation of refuse, gives the City the discretion to set the rates for these services. This methodology will ensure that the manner in which these rates are set is fair and reasonable.

The procedures set forth below ensure that LSCD faces substantial incentives for efficient operation. Rates are based on agreed-upon reasonable forecasts of expenses and revenues. Once the City adopts such forecasts, it is the company's responsibility, to the extent that expenses are controllable by the company, to live within those forecasts during the period those rates are in effect. If LSCD does not efficiently manage those expenses which it can control, then its profitability will be adversely affected.

I. SERVICES COVERED BY THE RATE METHODOLOGY

The rate methodology specified herein governs the setting of rates for the following categories of services rendered by LSCD in accordance with the franchise agreement between LSCD and the City of Lodi:

- Residential refuse, recyclable material, and **yard** waste collection and processing,
- Commercial refuse and recyclable material collection and processing, and
- s Industrial refuse collection

II. DEFINITIONS

Rate Adjustment Application: The package submitted by **LSCD** to support its request for rate adjustment which will include the following:

1. The most current budget for the provision by LSCD of the above services.
2. A series of Exhibits that detail the rate request, including an exhibit which details projected test year revenue and related assumptions. Samples of exhibits are included **as** Attachment **A**.

Test Year: The 12-month period for which revenue requirements and rates will be estimated. Test years will correspond **to** the LSCD fiscal year, which begins on April 1 and extends through March **31** of the following year.

Allowable Revenues: Those revenues that correspond to the above services and are included **as** revenues for the purpose of determining the appropriate rate adjustment (as described in Section IV).

Allowable Expenses: Those expenses that correspond to the above services and are allowed **as** expenses to be recovered in rates (as described in Section IV).

Projected Test Year Revenue: Allowable test year revenues anticipated by LSCD at existing rates and adjusted for changes in quantity (e.g., projected number of accounts) for the test year.

Projected Test Year Expense: Allowable expenses estimated to be incurred during the test year.

Required Test Year Revenue: The level of **test** year revenues that will recover projected test year expenses and a reasonable return.

Pate Adjustment Percentage: The percentage by which rates for the test year must be adjusted. The computation of this percentage is described in Section V.

III. RATE ADJUSTMENT PROCESS

LSCD will file a detailed rate application to cover the costs incurred during the fiscal years ending March 31, 1992, March 31, 1993, and March 31, 1994. This application will be filed on an early 1992 date to be mutually determined by LSCD and the City and will propose two equal rate adjustments, the first of which will become effective on a mutually-determined date. The rate adjustments will be based on budget projections for

the test year periods from April 1, 1991 to March 31, 1992, from April 1, 1992 to March 31, 1993, and from April 1, 1993 to March 31, 1994.

LSCD will file a detailed rate application on February 15, 1993, for the period from April 1, 1993 to March 31, 1994. Based on this rate application, the second of the two rate adjustments discussed above will, if necessary, be modified.

The detailed rate application submitted on February 15, 1993 will be the start of a two year rate adjustment-cycle. For the first year of each cycle, **LSCD** will file a detailed rate adjustment application by February 15, as described below, with rates to become effective on April 1. The detailed rate application and rate adjustment will be based on the test year for the period from April 1 to the following March 31. For the second year of each cycle, **LSCD** will file, by February 15, a rate adjustment request based on a composite cost index formula, as described below, with rates to become effective on April 1.

As specified in the Agreement, **LSCD** has the right to renegotiate the rates at times other than the regular submission of an application in the event of any unforeseen special occurrences, such as a change in landfill location, stricter environmental requirements on equipment, or change in service levels or frequency. In addition, rates will be adjusted based on any landfill fee adjustments on the provision of 30 days notification to the City of Lodi by **LSCD**.

IV. ALLOWABLE REVENUES, EXPENSES, and REASONABLE RETURN

Sections A and B below define the categories of revenues and expenses that are allowable. For all of these categories, there is a presumption of reasonableness. **LSCD** must, at the request of the City, demonstrate that any projected revenue or expense included in the ratemaking calculation is reasonable.

A. Allowable Revenues: Allowable revenues corresponding to the services specified in Section I shall include the following revenue categories:

1. Refuse, Recycling, and Yard Waste Collection Revenues
2. Revenues from the sale of recyclable and compostable material
3. Workers' Compensation Dividends
4. Other revenue, such as payments made to **LSCD** by the City of Lodi to cover the cost of the services described in Section I.

B. Allowable Expenses: Allowable expenses corresponding to the services specified in Section I shall include:

- Refuse, recycling, and yard waste collection expenses

- Recyclable and compostable material processing expenses
- Transfer station charges
- Disposal charges
- Franchise fees

Allowable expenses can either be exclusive to the City of Lodi franchise or shared with other jurisdictions. The rate application will identify shared expenses and document the formula used to allocate a portion of shared expenses to the City. LSCD will provide organization and staffing charts specifying numbers of employees, salaries, and allocation formulas where appropriate to support the payroll expenses of the budget projections.

B.1 Refuse, Recycling, and Yard Waste Collection Expenses:

- a Payroll expenses
 - o Salaries
 - Payroll Taxes and Workers' Compensation Insurance
 - Group Insurance and Pension Plan
 - Laundry and Uniforms
- Equipment expenses
 - Repairs and Maintenance - Parts, Supplies, and Tires
 - o Fuel and Oil
 - Equipment Leases
 - o Licenses and Fuel Use ~~Tax~~
 - o Insurance General
- Other Expenses
 - o Interest
 - Depreciation
 - o Debt Service
 - Telephone
 - o Utilities
 - Computer Expenses
 - Equipment Rental
 - Office Supplies and Expenses
 - Facility Rental
 - Property Taxes
 - Permits and Licenses
 - o Officers' Life Insurance
 - Accounting
 - Legal
 - Consulting
 - Education and Training
 - Public Awareness

- Subcontract Hauling
 - Administrative Expenses
 - Shop Expenses
 - Miscellaneous (e.g., auto expense, repairs & maintenance - general, dues and subscriptions, freight, radio expense, 401k plan administration)
- Government imposed expenses due to regulatory or legal mandate

Depreciation expenses (not already included in the debt service, lease, or rental expense categories) will follow the straight line method. The depreciation life will be the lesser of the life permitted by the Internal Revenue Service, the financing terms for the particular asset, or the expected economic life for the level of use.

Interest expenses will be subject to an interest rate "cap" of the prime rate plus 2.75% multiplied by the projected capital amounts to be financed.

§2 Recyclable and Compostable Material Processing Expenses: These expenses shall be calculated according to the following formula:

$$R = A \times (B/C) \quad \text{where:}$$

R is the portion of the allowable projected recyclable and compostable material processing expenses assigned to the **LSCD** franchise.

A is the total projected **CWRS** recyclable and compostable material processing facility expenses that fall into the categories specified above in paragraph B.1.

B is the number of recyclable and compostable material tons from the City of Lodi franchise projected to be delivered in the test year by LSCD to the CWRS material processing facility.

C is the total number of tons projected to be received in the test year from all regulated jurisdictions by the CWRS material processing facility.

LSCD will provide documentation of recyclable and compostable material tons delivered to the **CWRS** material processing facility from all regulated jurisdictions for the most recent obtainable 12 month period preceding the test year of the rate application.

B.3 Transfer Station Charges: Charges assessed by the CWRS transfer station to process, transport, and dispose of refuse.

B.4 Disposal Charges: Tipping fee charges assessed by a landfill for refuse disposal.

B.5 Franchise Fees: Franchise fees as specified by the City of Lodi.

B.6 Community Programs: Community contributions promoting recycling as specified by the City of Lodi.

C. Reasonable Return: The allowed reasonable return is 12% of the allowed reasonable expenses included in paragraphs B.1 and B.2.

In order to ensure that LSCD has the opportunity to earn a reasonable return while, at the same time, providing incentives for efficient operation, LSCD shall be allowed a return that is based on the forecasted expenses judged by the City to be reasonable. If actual test year expenses or revenues differ from these forecasts, then earned return will likewise differ from the allowed return. Thus, if LSCD spends more than is forecast, its return will be less than authorized.

V. PROCEDURE FOR SETTING RATES

V.1 Detailed Rate Application Procedure

For the initial period through March 31, 1994, as well as the first year of each two year cycle, rates will be adjusted following the submission of a detailed rate application. The basis for the rates, revenues, expenses, and return shall be the annual budget for the provision of the services specified in Section I. The rate adjustment will be determined by the following steps:

- The application will include a budget for the provision of the above services for the test year. The budget will be adjusted so that only allowable revenues and expenses, as described in Section IV, are included.
- The Required Test Year Revenue (RTYR) will be calculated by adding the reasonable return to the allowable expenses presented in the budget.
- P The Recycling Revenue Adjustment (RRA) will be calculated as follows:

$$RRA = REVACT - REVEST, \quad \text{where:}$$

REVACT is the actual revenue realized by LSCD from the sale of recyclables from the ~~city~~ of Lodi franchise during the prior fiscal year, and

REVEST is the estimate of LSCD recycling revenue from the City of Lodi franchise included in the prior test year's rate calculation.

[Note that in 1991, RRA is zero.]

The source and tonnage of recyclable and compostable material is tracked and documented using **LSCD** tonnage reports and the California State Recycling Center/Curbside Certification Number for each jurisdiction. Material is collected and sorted, and then weighed by commodity by jurisdiction. Revenue from the sale of recyclable and compostable material is documented by sale invoice. The City of Lodi franchise will be credited 100% of the actual commodity sales price.

- Projected Test Year Revenue (PTYR) will be calculated by estimating the allowable revenues expected to be received at existing rates during the test year.

- The Additional Required Revenue (ARR) is computed as follows:

$$ARR = RTYR - RRA - PTYR$$

- s The Rate Adjustment Percentage (RAP) will be calculated by dividing the Additional Required Revenue (ARR) by the Projected Test Year Revenue (PTYR). An adjustment will be made to the ARR to reflect any timing lag in rate adjustment in the prior year due to the rate adjustment becoming effective after the start of the test year. The adjustment is based on the number of months delay during the prior fiscal year.

The Rate Adjustment Percentage (RAP) is calculated as follows:

$$RAP = \frac{ARR + PREVARR \times M/12 \times (1+r)}{PTYR} \quad \text{where:}$$

PREVARR is the previous year's additional required revenue

M is the number of months between the start of the previous test year and the effective date of the previous year's rate change

r is the most current interest rate on 1-year Treasury Bills

V.2 Index Year Rate Adjustment Procedure

In the second year of each two year cycle, rate adjustments will be determined following the calculation of a Composite Cost Index (CCI). Rates for the index year will be computed by multiplying the prior year rates by the CCI. The CCI includes an adjustment for new revenues and expenses due to growth, adjustment for the increased cost of serving all customers, and adjustment for delay in implementing prior year rates. The CCI is calculated as follows:

$$\text{CCI} = 1 - 0.50 \cdot \text{uu}\% + [\text{A} \cdot \text{vv}\% + \text{B} \cdot \text{ww}\% + \text{C} \cdot \text{xx}\% + \text{D} \cdot \text{yy}\% + \text{E} \cdot \text{zz}\%] + (\text{Prior Year Delay})$$

where,

uu% = Projected percentage change in customer accounts (Note: uu% is multiplied by 50% to reflect the fact that only 50% of costs remain fixed as new customers are served),

A = Prior Year Detailed Rate Application Payroll & Payroll Burden Expenses as a percent of total expenses,

vv% = Percentage change in the Employment Cost Index - Civilian Workers/Service-producing for the most recent 12 month period where information is available,

B = Prior Year Detailed Rate Application Equipment Expenses (except Equipment Leases) as a percent of total expenses,

ww% = Percentage change in the US CPI-U for Gasoline For the most recent 12 month period where information is available,

C = Prior Year Detailed Rate Application Depreciation, Interest, Equipment Leases, and Debt Service as a percent of total expenses,

xx% = Anticipated percent change in annual expense due to new capital additions through purchase or lease,

D = Prior Year Detailed Rate Application Transfer Station and Disposal Charges as a percent of total expenses,

- yy%** = Anticipated percentage change in annual transfer station and disposal fees,
- E** = Prior Year Detailed Rate Application All Other Expenses as a percent of total expenses,
- zz%** = Percentage change in the **US** CPI-U for All Items Curing the prior fiscal year ~~On~~ the most recent 12 month period where information is available, **and**

$$\text{Prior Year Delay} = \text{RAP} \times \text{M}/12 \times (1 + r) \quad \text{where:}$$

RAP is the previous year's rate adjustment percentage

M is the number of months between the start of the previous test year and the effective **date** of the previous year's rate change

r is the **most** current interest rate on 1-year Treasury Bills

V.3 Rate Adjustment

The Rate Adjustment Percentage (RAP) resulting from the submission of **a** detailed rate application or the Composite **Cost** Index (CCI) calculated during an index year **will** be applied uniformly **to** all rates for the services listed in Section **I**.

LSCD or the City of Lodi may, either **as** part of the rate application process or separate **from** that process, propose alternative rate structures. Alternative rate structures are subject to the City's review. Any such proposed change will have no effect on the amount of projected revenues.

Exhibit I
"Numbers are Fictitious"

LODI SANITARY CITY DISPOSAL
REVENUE REQUIREMENT ESTIMATE
FOR TEST YEAR ENDING XX-XX-XXXX

ATTACHMENT A

EXPENSE ITEM	Refuse, Recycling & Yardwaste Collection	Total Expenses
Payroll		
Payroll taxes	\$1,000	
Workers' Comp	1,000	
group Insurance	1,000	
Pension Plan	1,000	
Equipment		
Repairs & Maintenance	1,000	
Fuel & Oil	1,000	
Equipment leases	1,000	
Licenses & Fuel Use Tax	1,000	
Insurance, General	1,000	
Other Expenses		
Interest	1,000	
Depreciation	1,000	
Debt Service	1,000	
Telephone	1,000	
Utilities	1,000	
Computer Expenses	1,000	
Equipment Rental	1,000	
Office Supplies and Expenses	1,000	
Facility Rental	1,000	
Property Taxes	1,000	
Permits and Licenses	1,000	
Officers' Life Insurance	1,000	
Accounting	1,000	
Legal	1,000	
Consulting	1,000	
Education and Training	1,000	
Public Awareness	1,000	
Subcontract Hauling	1,000	
Administration Expenses	1,000	
Shop Expenses	1,000	
Miscellaneous	1,000	
Govt Imposed Regulatory Expense	1,000	
Subtotal Collection Expenses	\$31,000	31,000
Allocated Material Processing (Exhibit 2)		15,500
Operating Margin		5,580
Transfer Station Charges		\$1,000
Disposal Charges		1,000
Franchise Fees (8% of RTYR)		4,703
Total Required Test Year Revenue (RTYR)		<u>\$58,783</u>

Exhibit 2

"Numbers are Fictitious"

LODI SANITARY CITY DISPOSAL
 MATERIAL PROCESSING EXPENSE ALLOCATION
 FOR TEST YEAR ENDING XX-XX-XXXX

Recyclable
 & Compostable
 Material Processing

EXPENSE ITEM

Payroll

Payroll taxes	\$1,000
Workers' Comp	1,000
Group Insurance	1,000
Pension Plan	1,000

Equipment

Repairs & Maintenance	1,000
Fuel & Oil	1,000
Equipment leases	1,000
Licenses & Fuel Use Tax	1,000
Insurance, General	1,000

Other Expenses

Interest	1,000
Depreciation	1,000
Debt service	1,000
Telephone	1,000
Utilities	1,000
Computer Expenses	1,000
Equipment Rental	1,000
Office Supplies and Expenses	1,000
Facility Rental	1,000
Property Taxes	1,000
Permits and Licenses	1,000
Officers' Life Insurance	1,000
Accounting	1,000
Legal	1,000
Consulting	1,000
Education and Training	1,000
Public Awareness	1,000
Subcontract Hauling	1,000
Administration Expenses	1,000
Shop Expenses	1,000
Miscellaneous	1,000

Govt Imposed Regulatory Expense	1,000
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Total Expenses	\$31,000
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LSCD Allocation Factor (Exhibit 3)	50.0%
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Material Processing Expenses	\$15,500
Allocated To LSCD	

Exhibit 3

"Numbers are Fictitious"

**LODI SANITARY CITY DISPOSAL
MATERIAL PROCESSING EXPENSES
ALLOCATION FACTOR CALCULATION
FOR TEST YEAR ENDING XX-XX-XXXX**

**CWRS MATERIAL PROCESSING FACILITY
PROJECTED TEST YEAR VOLUMES**

**PROJECTED TEST YEAR
ALLOCATION FACTOR CALCULATION**

Total Tons Projected Delivered To CWRS Material Processing Facility	200
Total Tons Projected Received From LSCD Franchise	100
% of Material Processing Facility Volume Represented By LSCD (Used in Exhibit 2)	50.0%

Exhibit 4

"Numbers are Fictitious"

**LODI SANITARY CITY DISPOSAL
ALLOWABLE REVENUES PROJECTIONS
FOR TEST YEAR ENDING XX-XX-XXXX**

ALLOWABLE REVENUES

**PROJECTED TEST YEAR
REVENUE**

LSCD Refuse, Recycling, and Yard Waste Collection (1)	\$50,000
Sale of Recyclable & Compostable Materials (2)	\$5,000
Workers' Compensation Dividends	\$1,000
Payments to LSCD from City of Lodi	\$0
Total Projected Test Year Revenues (PTYR)	\$56,000

**Notes (1) & (2): Exhibit 4 will include two schedules detailing
collection and recyclable material revenue projections**

Exhibit 5

"Numbers are Fictitious"

LODI SANITARY CITY DISPOSAL
RECYCLING REVENUE ADJUSTMENT
FOR TEST YEAR ENDING XX-XX-XXXX

RECYCLING REVENUE

ADJUSTMENT CALCULATION

Estimate of LSCD Recycling Revenue Used in Prior Test Year Rate Calculation (REVEST)	\$3,000
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Actual LSCD Revenue From the Sale of Recyclable Material in Prior Fiscal Year (REVACT)	\$4,000
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Recycling Revenue Adjustment (RRA) to Current Test Year Required Revenue (see Exhibit 7) (REVACT - REVEST)	<u>\$1,000</u>
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Exhibit 6

"Numbers are Fictitious"

**LODI SANITARY CITY DISPOSAL
PRIOR YEAR TIMING ADJUSTMENT
FOR TEST YEAR ENDING XX-XX-XXXX**

PRIOR YEAR DELAY IN RATE ADJUSTMENT

TIMING ADJUSTMENT

Prior Year Additional Required Revenue (PREVARR)

\$5,000

**Prior Year Delay (in months) Between the Effective
Date of Rate adjustment and the Beginning of Test Year**

3.5

Effective Date: July 15

Beginning of Test Year: April 1

Adjustment to Current Test Year Required Revenue

\$1.575

$$= \text{PREVARR} \times M/12 \times (1 + r)$$

where **M** is length of delay in months
 r is the annual interest rate of 1 year U.S. Treasury Bills

Exhibit 7

"Numbers are Fictitious"

**LODI SANITARY CITY DISPOSAL
ADDITIONAL REQUIRED REVENUE CALCULATION
FOR TEST YEAR ENDING XX-XX-XXXX**

ADDITIONAL REQUIRED REVENUE

ADJUSTMENT CALCULATION

Total Required Test Year Revenue (RTYR)	\$58,783 (Exhibit 1)
Less: Total Projected Test Year Revenue (PTYR)	\$56,000 (Exhibit 4)
Less: Recycling Revenue Adjustment (RRA)	<u>\$1,000 (Exhibit 5)</u>
Additional Required Revenue (ARR)	<u><u>\$1,783</u></u>

Exhibit 8

"Numbers are Fictitious"

LODI SANITARY CITY DISPOSAL
RATE ADJUSTMENT CALCULATION
FOR TEST YEAR ENDING XX-XX-XXXX

REQUIRED REVENUE

ADJUSTMENT CALCULATION

Additional Required Revenue (ARR)

\$1,783 (Exhibit 7)

Add: Prior ~~Year~~ Timing Adjustment

\$1,575 (Exhibit 6)

~~Total~~ Additional Required Revenue

\$3.358

Rate Adjustment Percentage =

Total Additional Required Revenue
PTYR (Exhibit 4)

6.0%